

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

Electronic Application Of Kentucky Power )  
Company For (1) A General Adjustment Of Its )  
Rates For Electric Service; (2) An Order )  
Approving Its 2017 Environmental Compliance )  
Plan; (3) An Order Approving Its Tariffs And ) Case No. 2017-00179  
Riders; (4) An Order Approving Accounting )  
Practices To Establish Regulatory Assets Or )  
Liabilities; And (5) An Order Granting All Other )  
Required Approvals And Relief )

Notice Of Filing Of Supporting Calculations For Allocating PJM Interconnection LLC  
Costs Using 12-Coincident-Peak Methodology

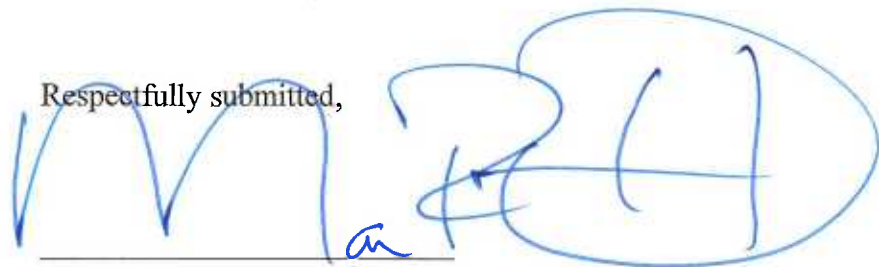
Kentucky Power Company files KPCO\_2018\_12CP\_Allocation\_Analysis.xlsx  
("Allocation Analysis") with the Public Service Commission of Kentucky in conformity with  
ordering paragraph 20 of the Commission's January 18, 2018 order.

The Allocation Analysis provides the supporting calculations used to derive Kentucky  
Power's 5.657 percent allocated share of PJM LSE OATT charges using a 12-coincident-peak  
methodology. Kentucky Power's allocated share is derived by first calculating the average of  
Kentucky Power's coincident peak load for each of the twelve months for the period November  
2016 through October 2017 (943.887 MW). This average is then divided by the average of the  
sum of the coincident peaks (16,683.894 MW) for each of the six AEP-East operating companies  
(Ohio Power Company, Indiana Michigan Power Company, Wheeling Power Company,  
Appalachian Power Company, Kentucky Power Company, and Kingsport Power Company) to  
calculate Kentucky Power's allocated share ( $943.887 \text{ MW} \div 16,683.894 \text{ MW} = 5.657 \text{ percent}$ ).

The AEP-East operating companies utilize the 12 CP methodology for cost allocation of PJM LSE OATT charges to the operating companies to decrease annual volatility and potential rate shock. The PJM zonal 1-CP can occur (and has) in both summer and winter months which can cause large shifts in year to year cost allocation depending on whether or not an operating company is winter or summer peaking. The 12-CP methodology creates a less volatile cost allocation.

Kentucky Power proposes to file future 12 CP-allocation analyses in conjunction with its annual filing of the Company's FRR-RPM election analysis. Kentucky Power's election, and its subsequent filing with the Commission, typically are made in the second quarter of each year

Respectfully submitted,



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